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1955 ANNUAL REPORT

for the fiscal year ended April 30, 1955



FOOD FAIR STORES, INC.





*Food is the business of
Food Fair Stores, Inc. Food
products depicted on the front cover
are displayed individually on
billboards throughout Food Fair's
marketing area.*



THE YEAR IN BRIEF

"Food Fair, which has the most striking growth record among the top chains over the past 20 years, added another 25 stores last year, pushed up its sales volume another notch."

—Business Week—May 7, 1955

	FISCAL	
	1955 (52 Weeks)	1954 (53 Weeks)
Sales	\$410,053,400	\$348,215,041
Net Income	\$7,373,401	\$5,801,106
Net Income per dollar of sales	1.80%	1.67%
Net Income per share of common stock on same number of shares	\$2.37	\$1.84
Dividends Paid in Cash		
Preferred Stock	\$299,019	\$305,329
Common Stock	\$2,266,440	\$1,877,722
Earnings retained in the business	\$4,807,942	\$3,618,055
Current assets	\$46,675,723	\$39,651,946
Current liabilities	\$16,024,596	\$14,438,039
Working capital	\$30,651,127	\$25,213,907
Number of supermarkets	216	196

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OUR ANNUAL MESSAGE

FELLOW STOCKHOLDER: It is gratifying to review with you still another year of fulfillment for Food Fair. In the operating results of your Company there was no evidence whatever of the general business recession which had its inception late in 1953 and continued to the closing quarter of 1954.

In spite of the downward trend in general business activity, Food Fair Stores, Inc., in the fiscal year ended April 30, 1955, continued to make progress in all phases of its business. This progress is disclosed in consolidated financial statements on pages 12 through 14 of this report and certified as of April 30, 1955, by independent accountants.

These financial statements reveal for the latest fiscal year a volume of sales which far surpasses the record high volume achieved in the preceding fiscal year. Likewise, new peaks were set in earnings, in dividend payments and in financial strength. These gains were made in spite of substantially increased wages and other operating costs.

This progress signifies Food Fair's continued contribution to progressive food marketing. By the same token, it denotes your Company's contribution to the well-being of the many communities in which our supermarkets are located as well as to food growers and processors and to our shareholders and employees. Through their cooperation, these several parties, in turn, have contributed to Food Fair's growth which is being projected unabated.

Food Fair's continuing sales gains are attributable largely to further increases in the number of supermarkets. Fifteen units have been opened since January 1st, and present plans contemplate the opening of approximately 30 markets before the close of the current fiscal year on April 28, 1956.

The further expansion at which our sights are set illustrates clearly the confidence with which your management views the opportunities for Food Fair in the future.

Sincerely,

Samuel Guindland

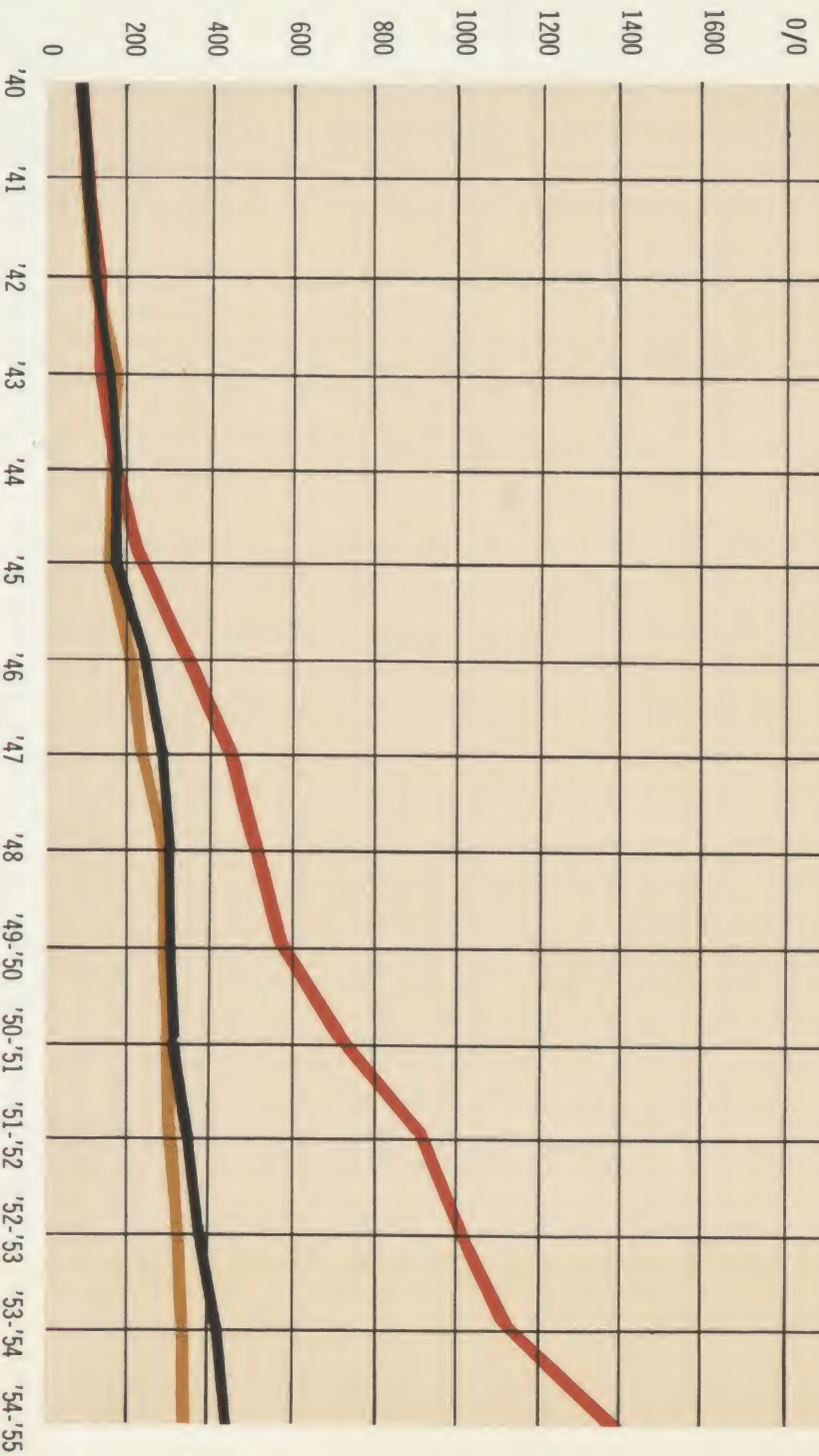
Chairman of the Board

Leuis Stein

President

July 25, 1955





RATE OF INCREASE

- RETAIL FOOD SALES
- ALL RETAIL SALES
- FOOD FAIR SALES



REVIEW OF OPERATIONS

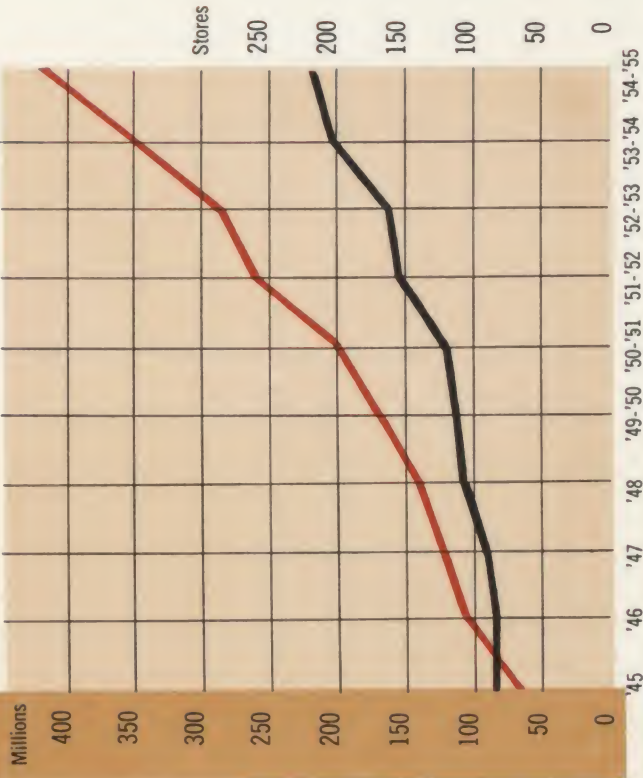
Conditions in Retail Trade

THE EBB AND FLOW of general business activity in 1954 was clearly mirrored in our nation's retail sales. After declining from mid-1953 through the early months of 1954, retail sales stabilized, and then increased substantially in the closing quarter. As a result of this late spurt, according to statistics compiled by the United

States Department of Commerce, sales in all domestic retail stores last year were approximately the same as the \$170.7 billion volume of 1953. Once again, food stores last year led the way in the retail trade. Retail food sales for the year were a record high \$41.6 billion. This represents a gain of 2.1% over the previous record high volume of \$40.8 billion established

SALES AND NUMBER OF STORES

— SALES
— STORES



and in spite of the fact that the fiscal year comprised only 52 weeks, compared with 53 weeks the year before.

Last year, Food Fair also maintained easily its top-ranking position among the nation's major retail food systems from the standpoint of average sales per store.

Earnings

Even more encouraging than the sales showing was the earnings increase which Food Fair scored in the latest fiscal year. The Company's net income after all charges and taxes, and after a deduction for a non-recurring charge of \$589,000 in connection with the redemption of the 4% debentures, amounted to \$7,373,401. This is equal after preferred dividend requirements to \$2.37 per share on 2,986,931 shares of common stock outstanding on April 30, 1955. It constitutes an increase of 27% over the previous record high net income of \$5,801,106 earned in the fiscal year to May 1, 1954. The latter is equal to \$1.84 per share on the same common share basis. The non-recurring charge last year was equal to nearly ten cents per common share.

The noteworthy gain in earnings was made in spite of increased costs. Among these were advances in wage and other operating expenses as well as extraordinary expenditures involved in the opening of many new markets.

in 1953. The increase is largely attributable to gains made by large, modern, self-service supermarkets.

Although the ratio of all retail sales to disposable personal income declined one percentage point in 1954, the ratio for retail food sales increased.

Sales

In its fiscal year to April 30, 1955, Food Fair further established its reputation as the fastest growing of the nation's major retailers. Its sales for the year were \$410,053,400. This volume, by far the largest in the Company's history, represents an increase of \$61,838,359, or almost 18% over the previous peak sales of \$348,215,041 attained in the fiscal year ended May 1, 1954. The gain was made notwithstanding a somewhat lower level of retail food prices



It is significant that your Company's net income last year increased to 1.80 cents per dollar of sales from 1.67 cents in the preceding year.

Dividends

In the payment of dividends to stockholders, Food Fair augmented its long series of successive increases. On August 25, 1954, an additional share of Food Fair common stock was distributed for each four shares then held. Regular quarterly dividends of 20 cents per share were continued on the increased number of shares. Furthermore, regular quarterly dividends of \$1.05 per share were paid during the year on the Company's \$4.20 cumulative preferred stock. Total cash dividends for the year were \$2,565,459, the largest in the Company's history and 17.5% above the \$2,183,051 total payments for the preceding year. There remained from the year's earnings after the payment of dividends a sum of \$4,807,942 which was retained for financing further growth.

Early in the new fiscal year, on May 24, 1955, the Board of Directors voted to increase the annual cash dividend rate on the common stock to \$1 per share, from the 80 cents per share rate previously in effect. On that date also a 3% stock dividend was declared. The quarterly cash dividend

of 25 cents per share was paid on July 1 to stockholders of record at the close of business on June 10, 1955. The stock dividend is payable on August 25, to stockholders of record July 15, 1955.

In ordering the payment on August 25, 1954, of one additional share of common stock for each four shares held, and in declaring the 3% stock dividend, the Board of Directors of your Corporation was motivated by a desire to provide shareholders additional participation in earnings of the Company and at the same time to conserve liquid resources necessary for continued expansion.

Operating Costs

Food Fair's considerably greater percentage increase in net income than in sales in the latest fiscal year bears testimony to close control exercised over operating costs. Greater efficiency in merchandising methods, to which continued expansion contributed, was of aid in cost control. It is noteworthy in this connection that operating costs last year, as in previous years, included substantial initial expenses entailed in the opening of Food Fair supermarkets. The full benefits of this store expansion are not immediately evident in financial statements. All operating expenses in the latest fiscal year, including wages, rents, etc.



totaled \$58,620,463, against \$48,098,526 in fiscal 1954.

Food Fair Stores Foundation

The Food Fair Stores Foundation completed the first year of its scholarship program established for employees and other deserving youths in the communities served by the Company. Forty-one scholarships granted to fourteen colleges and universities last year were renewed, and 41 additional scholarships are being offered this September.

Food Fair has also established a Self-Improvement Program, under which any full-time employee is eligible for a grant of up to \$100 per year to defray expenses for approved school classes. Over 100 employees completed courses on their own time under this program last year.



Taxes

In the fiscal year ended April 30, 1955, as in the closing four months of the preceding year, Food Fair Stores, Inc. benefitted from expiration on January 1, 1954, of the excess profits tax law. Notwithstanding relief from this burden, your Corporation's provision for Federal and State taxes on earnings for the fiscal year to April 30, 1955, was \$7,856,198. This represents \$2.63 per share of common stock outstanding at the close of the year.

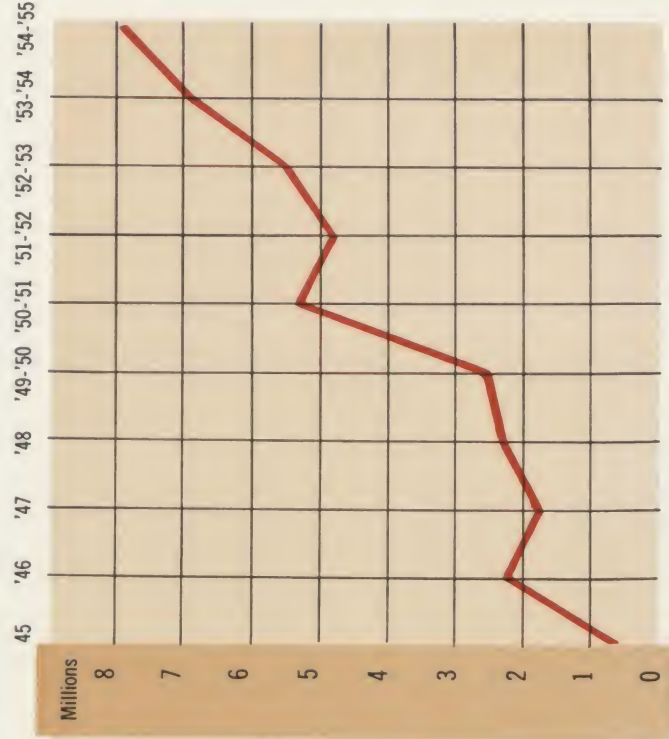
Working Capital

Food Fair's financial condition was well maintained during the latest fiscal year. Current assets as of April 30, 1955, were \$46,675,723, or 2.9 times current liabilities of \$16,024,596. Current assets included cash of \$21,548,871. Inventories, taken at the lower of cost or market value, amounted to \$21,843,781. Working capital at the end of the year stood at \$30,651,127, compared to \$25,213,907 a year earlier.

Capitalization

Largely as a result of the distribution on August 25, 1954, of one additional share of common stock for each four shares of common stock then outstanding, the number of outstanding shares of common stock was increased from 2,377,829 on May 1, 1954, to 2,986,931 on April 30, 1955. In addition, there were outstanding on April 30, 1955, 70,395 shares of \$4.20 cumulative preferred stock, after allowing for the retirement during the year of 800 shares incident to sinking fund operations.

Long term indebtedness outstanding at the close of the fiscal year totaled \$32,553,829. Last September, your com-



TAXES



pany floated \$20 million of 20 year 3½% sinking fund debentures, due September 1, 1974. The proceeds were used to retire approximately \$17 million of higher interest debt and to increase cash available for our expansion program.

Research

Firmly grounded in the facts, principles and problems of the business, Food Fair's Store Control and Research Department is a staff group whose services are useful to and often called upon by many segments of the Company.

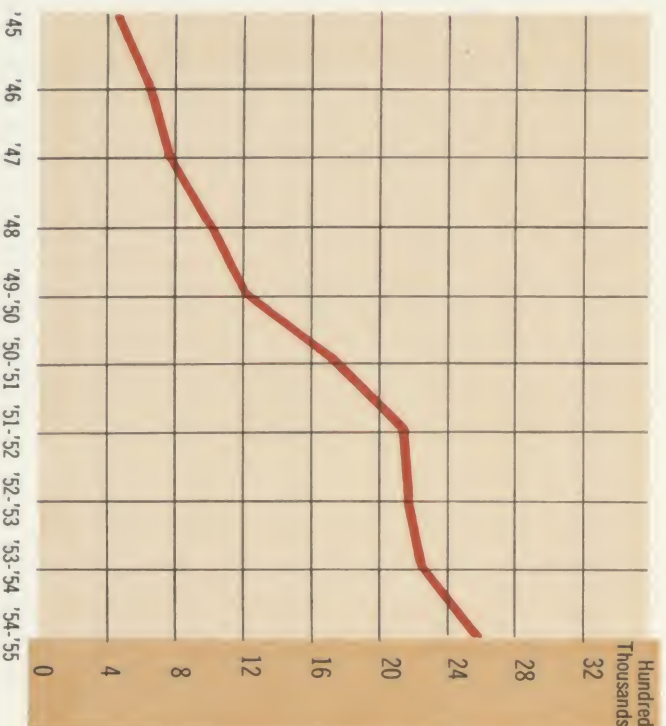
More and more special analytical studies, occasioned by Food Fair's phenomenal growth, must be undertaken for the various operating departments, in addition to the regular research and analysis activities.

As an established and integrated staff service, research at Food Fair is an effective management tool which is put to use daily over a wide range of activities, including locations research, sales analyses, forecasting, evaluation of promotional activity, distribution cost studies, expense controls, forms control, consumer surveys, and basic Company and industry statistics.

Research at Food Fair continues to place its heaviest emphasis on those factors which lead to improvement of profits through fuller realization of sales potentials and more efficient operations.

Sales Promotion—Advertising

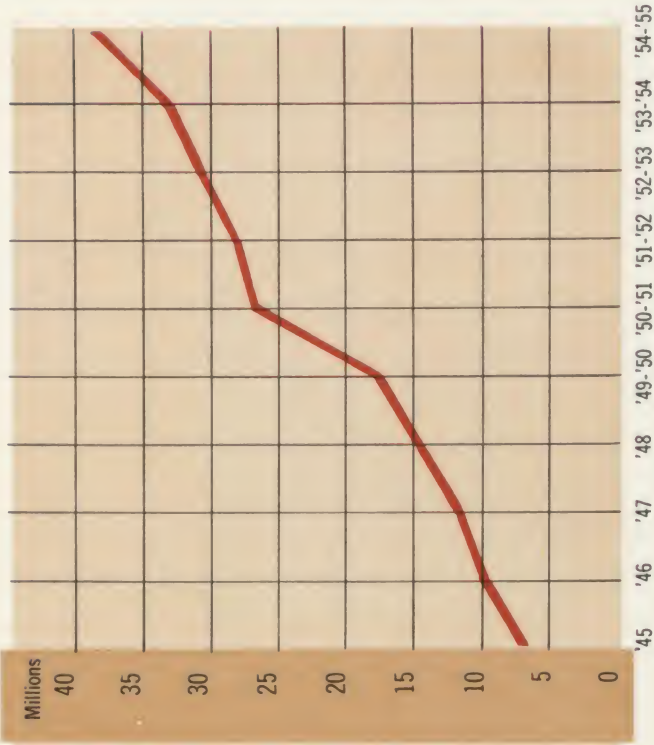
Food Fair's growth and expansion into new territories last year demanded greater decentralization of sales promotional and advertising duties into branch departments,



without relinquishing tight central control. This has involved, necessarily, considerable enlargement of the department to handle increased duties. Also required was closely controlled promotional emphasis on a branch or single store level. Greater strides were taken in formulating a more comprehensive radio and television program, involving utilization of merchandising agreements with various stations, and by our own sponsorship of the "TV Marko" program in the eastern Pennsylvania area. Our increased outdoor advertising program took on a "new look," with spectacular one-product illustrations to portray the quality and taste appeal of Food Fair merchandise.



**NET
WORTH**



At the store level, materials handling continues to be the object of intensive study and experimentation. During the past year, scores of grocery department store warehouses were mechanized. Experimentation is also under way on mechanizing the behind-the-scenes store handling of produce and other perishables. Fixtures and store layout also continue to receive intensive review and study.

The executive, administrative and supervisory personnel of the Company participated, during April, in the second Annual Review and Preview Conference. This meeting, addressed by executive officers and by several experts from outside the organization, was devoted in large part to discussion of methods for strengthening the management team to cope with our planned expansion. Active participation in the discussions by all present served to encourage the development of a more comprehensive communications program, including a series of departmental clinics to be held on a scheduled basis.

Another feature of this conference was the unveiling of a new store-level program emphasizing each employee's responsibility for keeping Food Fair Stores "the friendliest stores in town." Week-in and week-out, emphasis will be placed on this program in all Food Fair Stores and every employee has publicly pledged to render friendly, courteous service.

Store Operations

Addition and integration into the Food Fair organization of twenty-five new supermarkets constituted a challenge to the store operations division of the Company. It is significant that the year's increase of \$61,838,359 in sales actually exceeded the Company's total volume in the year 1945, our 25th year of operation.

Rapid growth has required and has been accompanied by an unrelenting emphasis on training, development, and more innovation. In a fast moving business it is constantly necessary to review operating routines, systems and methods, to insure the utmost efficiency.



Continued Growth

As the continuing uptrend of sales and earnings manifests, the fiscal year ended April 30, 1955, marked considerable further growth in the number of Food Fair supermarkets. Twenty large modern markets were opened last year, an individual unit was purchased, a chain comprising four supermarkets was acquired, five older Food Fair markets were closed. These steps involved a net increase of 20 store units for the year. There were 216 in operation on April 30, 1955. Also, many existing units were remodeled. In December, 1954, the 24,000 square foot Toms River, N. J., supermarket was purchased outright, following which necessary alterations were completed to make the market conform to Food Fair's standards.

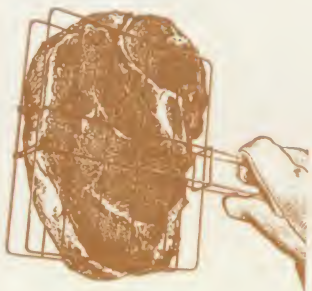
The acquisition of a small chain in January, 1955, marked Food Fair's entrance into New England. The step involved the purchase of Budget Markets, Inc., operator of four self-service markets in Stamford, Norwalk and Westport, Connecticut. Additional locations are being added to this New England unit.

Expansion of the Food Fair chain of supermarkets requires concurrent enlargement of other facilities. The Food Fair fleet of trucks was substantially increased last year, and warehouse facilities were further expanded. Almost 20,000 square feet of office space are being added to

the executive office building in Philadelphia. A new distribution center and office building containing more than 400,000 square feet of space will be completed in Miami, Florida, later this year. To the Baltimore warehouse, 36,000 square feet are being added. In Linden, N. J., a freezer warehouse of 12,000 square feet is being built. Each new store adds to the work load of the accounting department. For better, speedier, and more efficient controls, electronic equipment is rapidly becoming available for data processing. Automation is constantly being studied to make it possible to serve stores faster and better, and to cut costs and control expenses.

Record Expansion Projected

The pace of Food Fair's growth is accelerating rather than decelerating. It took twenty-eight years to build the Company from its original single small market in 1920 to an operation of over 100 large modern supermarkets. Yet, 103 markets have been added during the past five years alone, bringing the total from 113 units on April 29, 1950, to 216 units on April 30, 1955. What is more, our present expansion sights are set at the addition of approximately 100 supermarkets from January 1, 1955, to April 30, 1957. This expansion program will involve a capital expenditure in excess of \$50,000,000.



Employees

Food Fair's employee family numbered approximately 13,600 at the close of the fiscal year on April 30th. Employee turnover for the year was the lowest on record, a fact which manifests the harmonious relations existing

throughout the Food Fair family. By the close of 1955, Food Fair will have awarded more than 3,600 service pins to men and women who have worked with the organization for five years or longer.

As Food Fair expands, the need for executive personnel becomes a pressing problem. Training programs established in past years have been of invaluable help in this regard. A store managerial training program for college men, now in its third year of operation, has proven successful. The program, originally two years in length, has been shortened to 18 months, with good results. Food Fair retains its policy of promotion from within, and our training programs have proven a rich source of supervisory personnel.

Training programs designed to mold junior executives in other phases of Food Fair's operations such as office, buying and warehousing, have also been accelerated with good results.

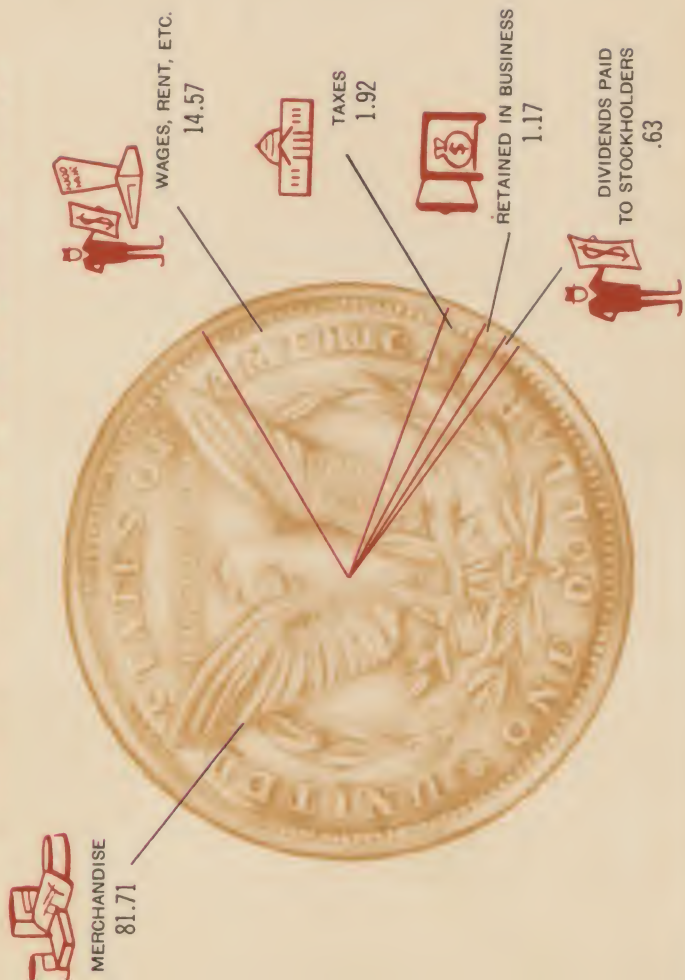
Community Relations

The latest fiscal year was featured by a marked increase in community relations activities among Food Fair personnel, largely as a result of continuing employee training.

A public relations handbook was prepared and distributed to all personnel concerned. The booklet emphasizes Food Fair's philosophy of community relations as well as policies for practical application.

Particularly noteworthy during the year were two chain-wide programs which received broad public attention. One was a "Good Citizen Awards" program in which 38 Food Fair store managers were honored for their participation in community affairs. These men were selected on the basis of questionnaires completed by all managers

WHERE THE FOOD FAIR SALES DOLLAR GOES



in a program developed by the National Association of Food Chains. Winning managers were feted by leading civic officials at in-store ceremonies widely publicized in newspapers and on radio and television.

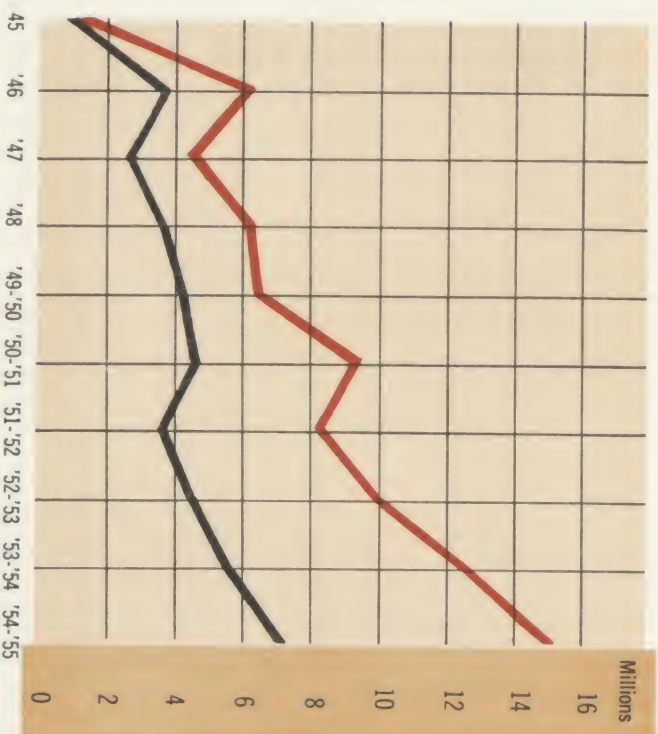
Another chain-wide program from which outstanding results were derived was a "nutrition-education" project conducted by Food Fair with homemaking teachers and their classes. In this, homemaking instructors were invited to bring their students on field trips through Food Fair supermarkets where many helpful hints on food purchasing were given. Additionally, they toured the offices and warehouses.

Continued emphasis throughout the year was placed on development of programs of community relations in new areas, through previews in stores, and tours through markets, followed by luncheons at which Company officials spoke informally. Through these means, the Food Fair story was told to thousands of influential civic leaders. In addition, the flow of information on Company activities to all mass communications media was increased.

As a public service, your Company printed a booklet on social behavior for teen-agers, which has been distributed through PTA organizations in all Philadelphia junior and senior high schools. Requests for these booklets, "We Can Agree", have been received from educators in all parts of the country. Thus far, 250,000 copies have been printed and distributed.

Annual Meeting

The annual meeting affords shareholders of Food Fair Stores, Inc. an opportunity to meet in person and



**NET
INCOME
BEFORE
& AFTER
TAXES**

— BEFORE TAXES
— AFTER TAXES

discuss with officers and directors the Company's affairs. The next meeting is scheduled for Tuesday, August 23, 1955, at 11:00 a.m., Eastern Daylight Saving Time, at the Corporation's offices, 2223 East Allegheny Avenue, Philadelphia, Pennsylvania. A notice of the meeting is enclosed herewith, together with a proxy form and accompanying explanatory material. Your management trusts that all shareholders who can conveniently do so will attend the meeting in person. *We urge those who cannot be present to date, sign, and return promptly the proxy.* A summary of the proceedings of the meeting will be forwarded for the benefit of those who cannot attend in person.

FOOD FAIR STORES, INC.

and Subsidiary Companies.

CONSOLIDATED STATEMENT OF EARNINGS

	<i>For the Year Ended</i>	
	<i>(52 Weeks) April 30, 1955</i>	<i>(53 Weeks) May 1, 1954</i>
Sales.....	\$410,053,400	\$348,215,041
Cost of sales.....	335,066,777	286,950,969
Gross profit from sales.....	\$ 74,986,623	\$ 61,264,072
Operating expenses.....	58,620,463	48,098,526
Profit from operations.....	\$ 16,366,160	\$ 13,165,546
Other income.....	671,184	696,015
Profit before interest expense.....	\$ 17,037,344	\$ 13,861,561
Interest expense.....	1,807,745	1,109,654
Net income before Federal and State taxes on income.....	\$ 15,229,599	\$ 12,751,907
Federal and State taxes on income:		
Federal income tax.....	\$ 7,547,121	\$ 6,256,198
Federal excess profits tax.....	—	431,098
State income taxes.....	309,077	263,505
Total Federal and State taxes on income.....	\$ 7,856,198	\$ 6,950,801
Net income.....	\$ 7,373,401	\$ 5,801,106



NOTE: Costs and expenses include depreciation and amortization of \$3,348,011 and \$2,637,905 for the years ended in 1955 and 1954, respectively.

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

	April 30, 1955	May 1, 1954
CURRENT ASSETS		
Cash	\$21,548,871	\$15,967,435
Accounts receivable	2,649,165	1,501,591
Inventories of merchandise and supplies, at lower of cost or market	21,843,781	21,547,247
Prepaid insurance, rent and taxes	633,906	635,673
	<u>\$46,675,723</u>	<u>\$39,651,946</u>
Notes payable		\$ 600,000
Accounts payable	\$ 6,713,120	5,133,330
Accrued salaries and expenses	4,356,376	3,915,122
Debtore sinking fund installments payable (Note 1)	78,000	142,000
Federal and State income taxes payable, less United States Treasury Notes—1955, \$2,832,528; 1954, \$2,313,318	4,877,100	4,647,587
	<u>\$16,024,596</u>	<u>\$14,438,039</u>
LESS: CURRENT LIABILITIES	4,877,100	\$25,213,907
	<u>\$30,651,127</u>	✓
WORKING CAPITAL		
Investments, at cost	1,337,432	667,752
Land, at cost	6,840,820	6,772,251
Buildings and improvements, at cost, less allowance for depreciation—1955, \$5,123,512; 1954, \$4,153,130	17,578,122	18,177,229
Fixtures and equipment, at cost, less allowance for depreciation—1955, \$7,786,126; 1954, \$5,972,253	14,141,143	12,250,333
Miscellaneous other assets	1,570,302	1,206,736
	<u>\$72,118,946</u>	<u>\$64,288,208</u>
Notes payable, due after one year		\$ 3,900,000
Mortgages payable, due after one year	\$ 5,603,829	6,513,626
Fifteen year sinking fund debentures, 3 ⁰⁰ / ₁₀₀ —due January 1, 1965 (Note 1)	6,950,000	7,250,000
Twenty year sinking fund debentures, 3 ⁷ / ₈ —due September 1, 1974 (Note 2)	20,000,000	12,500,000
Twenty year sinking fund debentures, 4 ⁰⁰ / ₁₀₀ —due February 1, 1973	—	—
Amounts received on subscriptions to shares of common stock pursuant to Employees' Stock Purchase Plan—1955, 80,199 shares; 1954, 64,653 shares	460,472	271,080
	<u>\$33,014,301</u>	<u>\$30,434,706</u>
NET ASSETS	\$39,104,645	\$33,853,502
DERIVED FROM		
Capital stock:		
Preferred (Note 4)	\$ 7,039,500	\$ 7,119,500
Common (Note 5)	2,986,931	2,377,829
Surplus:		
Capital surplus	12,240,014	11,728,814
Earned surplus (Note 3)	16,838,200	12,027,359
	<u>\$39,104,645</u>	<u>\$33,853,502</u>

FOOD FAIR STORES, INC.

and Subsidiary Companies.

CONSOLIDATED STATEMENT OF SURPLUS

CAPITAL SURPLUS

CAPITAL SURPLUS—MAY 1, 1954.....	\$11,728,814
Excess of value of property acquired over par value from issuance of 12,000 shares of common stock.....	\$ 510,000
Excess of stated value of 800 shares of cumulative preferred stock redeemed over cost thereof.....	<u>1,200</u>
.....	<u>511,200</u>
.....	<u>\$12,240,014</u>

ADDITIONS

CAPITAL SURPLUS
APRIL 30, 1955

EARNED SURPLUS

EARNED SURPLUS—MAY 1, 1954.....	\$12,627,359
Net income for the year (52 Weeks) ended April 30, 1955.....	<u>7,373,401</u>
Total.....	\$20,000,760

ADDITION

Transferred to capital stock—common in connection with 25% common stock distribution—597,101 25/100 shares..... \$ 597,101

DEDUCTIONS

Dividends paid in cash:
 Preferred stock, \$4.20 per share..... \$ 299,019
 Common stock, \$.80 per share..... 2,266,440 2,565,459

EARNED SURPLUS
APRIL 30, 1955

.....	<u>3,162,560</u>
.....	<u>\$16,838,200</u>

NEW YORK
PHILADELPHIA
HARRISBURG
WILKES-BARRE
LEWISTOWN

LAVENTHOL, KREKSTEIN & CO.
Certified Public Accountants

1328 WALNUT STREET
PHILADELPHIA 2, PA.

Officers and Directors

Food Fair Stores, Inc..

We have examined the consolidated statement of financial condition of Food Fair Stores, Inc., and its wholly-owned subsidiary companies at April 30, 1955, and the consolidated statements of earnings and surplus for the year (52 weeks) then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statement of financial condition, and related consolidated statements of earnings and surplus present fairly the consolidated position of the companies at April 30, 1955, and the consolidated results of their operations for the year (52 weeks) then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Laventhol, Krekstein & Co.

LAVENTHOL, KREKSTEIN & CO.

Philadelphia, Pa.
June 29, 1955

NOTES TO FINANCIAL STATEMENTS

The following notes are applicable to the Financial Statements as at April 30, 1955. Reference is made to previously issued report for the notes applicable to the statements as at May 1, 1954.

NOTE 1—These debentures are subject to repayment through sinking fund operations on each interest payment date in the following principal amounts: to and including July 1, 1956, \$150,000; thereafter, to and including July 1, 1960, \$225,000; thereafter, to and including July 1, 1964, \$300,000.

NOTE 2—These debentures are subject to repayment through sinking fund operations beginning September 1, 1958, and on each interest payment date thereafter in the following principal amounts: to and including March 1, 1963, \$300,000; thereafter, to and including March 1, 1969, \$400,000; thereafter, to and including March 1, 1974, \$500,000.

NOTE 3—The indentures covering the issuance of the debentures described in Notes 1 and 2 above contain restrictions as to the payment of cash dividends and the redemption of shares of stock of the Corporation. The maximum amount of earned surplus so restricted at April 30, 1955, was \$10,602,445.

NOTE 4—Preferred Stock is \$4.20 cumulative, \$15 par value; 142,615 shares are authorized, of which 77,615 shares were issued and 70,395 are outstanding. The Corporation is obligated to set aside \$120,000 semi-annually as a sinking fund for the redemption of the preferred stock which may be called for this purpose at \$100 per share, plus accrued dividends. In addition the Corporation may, at its option, call for redemption all or any part of the preferred stock at a maximum price of \$102 per share plus accrued dividends. Holders of this stock are entitled to preference of \$100 per share in involuntary liquidation.

Under terms of the issuance of the preferred stock, earned surplus of \$44,541 is restricted at April 30, 1955, as to the payment of cash dividends on common stock.

NOTE 5—Common Stock is \$1 par value; 5,000,000 shares are authorized, of which 2,986,930 70/100 shares (including scrip certificates) are issued and outstanding.

At April 30, 1955, 80,199 shares of common stock were reserved for issuance pursuant to Employees' Stock Purchase Plan.

On May 24, 1955, the Board of Directors declared a common stock dividend of 30% payable in common stock on August 25, 1955, to stockholders of record on July 15, 1955. Pursuant thereto, there have been reserved for issuance 89,607 90/100 shares (including scrip certificates) of common stock. For each share so issued, there will be transferred from earned surplus to capital stock common the sum of \$1 and to capital surplus, the sum of \$54. This will result in a charge of \$4,928,434.50 to earned surplus and credits of \$80,607.90 and \$4,838,826.60 to capital stock common and capital surplus, respectively.

FOOD FAIR STORES, INC.

And Subsidiary Companies

YEAR ENDED	NUMBER OF STORES AT END OF YEAR	SALES (000 OMITTED)	NET INCOME BEFORE TAXES ON INCOME	FEDERAL AND STATE INCOME TAXES	NET INCOME
APRIL 30, 1955	216	\$410,053	\$15,229,599	\$7,856,198	\$7,373,401
*MAY 1, 1954	196	348,215	12,751,907	6,950,801	5,801,106
APRIL 25, 1953	162	292,660	10,044,840	5,508,922	4,535,918
APRIL 26, 1952	151	259,591	8,688,705	4,803,425	3,885,280
APRIL 28, 1951	123	205,643	9,817,112	5,107,223	4,709,889
APRIL 29, 1950	113	164,626	6,552,021	2,529,243	4,022,778
*DECEMBER 31, 1948	105	142,036	4,459,220	1,673,927	2,785,293
DECEMBER 27, 1947	95	121,765	4,719,905	1,832,848	2,887,057
DECEMBER 28, 1946	89	101,198	6,054,653	2,239,503	3,815,150
DECEMBER 29, 1945	89	60,565	1,662,683	737,173	925,510

*53 WEEKS

NOTE: The 17 week period from January 1, 1949, to April 30, 1949, is not included in the above table. Net income for this period amounted to \$1,038,153.

TEN-YEAR STATISTICAL SUMMARY



CASH DIVIDENDS	EARNINGS RETAINED	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL	TOTAL ASSETS	NET WORTH
\$2,565,459	\$4,807,942	\$46,675,723	\$16,024,596	\$30,651,127	\$88,143,542	\$39,104,645
2,183,051	3,618,055	39,651,946	14,438,039	25,213,907	78,726,247	33,853,502
2,117,781	2,418,137	37,518,200	12,226,354	25,291,846	67,993,826	30,612,678
2,076,823	1,808,457	27,002,320	12,725,919	14,276,401	53,376,631	28,408,965
1,779,490	2,930,399	24,560,940	7,350,676	17,210,264	43,889,595	26,701,983
1,214,214	2,808,564	19,376,166	4,310,351	15,065,815	31,394,570	17,756,622
807,233	1,978,060	15,588,968	5,017,396	10,571,572	24,240,303	13,879,221
770,181	2,116,876	16,714,955	4,143,192	12,571,763	24,552,310	11,972,228
666,309	3,148,841	13,372,303	5,281,634	8,090,669	18,563,068	10,106,847
458,379	467,131	9,478,223	2,421,252	7,056,971	12,418,127	6,661,509



FOOD FAIR SUPERMARKETS

Food Fair's 216 modern supermarkets are located in seven states extending from Connecticut to Florida. Photo at right: Night scene of typical Food Fair supermarket.

FLORIDA 49 STORES

- Coral Gables (4)
- Dania
- Fort Lauderdale (5)
- Hialeah (4)
- Hollywood (2)
- Homestead
- Lake Worth
- Miami (22)
- Miami Beach (5)
- Riviera Beach
- Surfside
- West Palm Beach
- Wilton Manors

NEW YORK 21 STORES

- Bayside
- Bethpage
- East Meadow
- Far Rockaway
- Flushing
- Forest Hills
- Franklin Square
- Freeport
- Fresh Meadows (2)
- Great Neck
- Jackson Heights
- Levittown (2)
- Manhasset
- New Hyde Park
- New York (2)
- Plainview
- Queens Village
- Staten Island

PENNSYLVANIA 61 STORES

- Allentown (4)
- Bethlehem (2)
- Bristol
- Bryn Mawr
- Camp Hill
- Carlisle
- Chester (3)
- Coatesville
- Columbia
- Downingtown
- Drexel Hill
- Easton
- Elkins Park
- Harrisburg (4)
- Jenkintown
- Lancaster (3)
- Lebanon
- Lemoyne
- Levittown
- Norristown
- Philadelphia (17)
- Pottstown
- Quakertown
- Reading (3)
- Sharon Hill
- Shillington
- Springfield Township
- West Chester
- West Reading
- York (3)



NEW JERSEY
52 STORES

- Atlantic City (2)
- Belleville
- Bridgeton
- Camden
- Clifton (2)
- Collingswood
- East Orange
- Elizabeth (4)
- Englewood
- Ewing Township
- Fair Lawn
- Fort Lee
- Hackensack
- Haddon Township
- Hamilton Township
- Highland Park
- Irvington (2)
- Jersey City (3)
- Lodi
- Montclair
- Morristown
- Neptune City
- New Brunswick
- New Milford
- Newark (4)
- North Bergen
- Nutley
- Passaic
- Paterson
- Perth Amboy
- Plainfield
- Point Pleasant
- Ridgewood
- Roselle
- Teanack
- Toms River
- Trenton (3)
- Vineyard
- West New York

CONNECTICUT
4 STORES

- Stamford (2)
- Norwalk
- Westport



DELAWARE
5 STORES

- Claymont
- Wilmington (2)
- New Castle
- Wilmington Manor



MARYLAND
24 STORES

- Baltimore (16)
- Brooklyn Park
- Catonsville
- College Park
- Dundalk
- Glen Burnie
- Loch Raven
- Pikesville
- Woodmoor



OFFICERS

Samuel Friedland.....	<i>Chairman of the Board</i>
George Friedland.....	<i>Vice Chairman of the Board</i>
Louis Stein.....	<i>President</i>
Myer B. Marcus.....	<i>Executive Vice President</i>
Arthur Rosenberg.....	<i>Vice President</i>
Herman R. Silver.....	<i>Vice President</i>
Jack M. Friedland.....	<i>Vice President</i>
David T. Friedland.....	<i>Vice President</i>
Arnold D. Cohen.....	<i>Vice President</i>
Myer M. Gordon.....	<i>Treasurer</i>
B. F. Lieber.....	<i>Secretary</i>
Joseph Rash.....	<i>Assistant Secretary</i>
Samuel Forman.....	<i>Assistant Secretary</i>
Abraham Maloff.....	<i>Assistant Secretary</i>

DIRECTORS

George Friedland.....	Philadelphia, Pa.
Jack M. Friedland.....	Philadelphia, Pa.
Samuel Friedland.....	Miami Beach, Fla.
Myer M. Gordon.....	Philadelphia, Pa.
Hess Kline.....	Philadelphia, Pa.
James P. Magill.....	Philadelphia, Pa.
Myer B. Marcus.....	Philadelphia, Pa.
Arthur Rosenberg.....	Philadelphia, Pa.
Harold W. Scott.....	Philadelphia, Pa.
Herman R. Silver.....	Philadelphia, Pa.
Louis Stein.....	Deal, N. J.

EXECUTIVE OFFICES

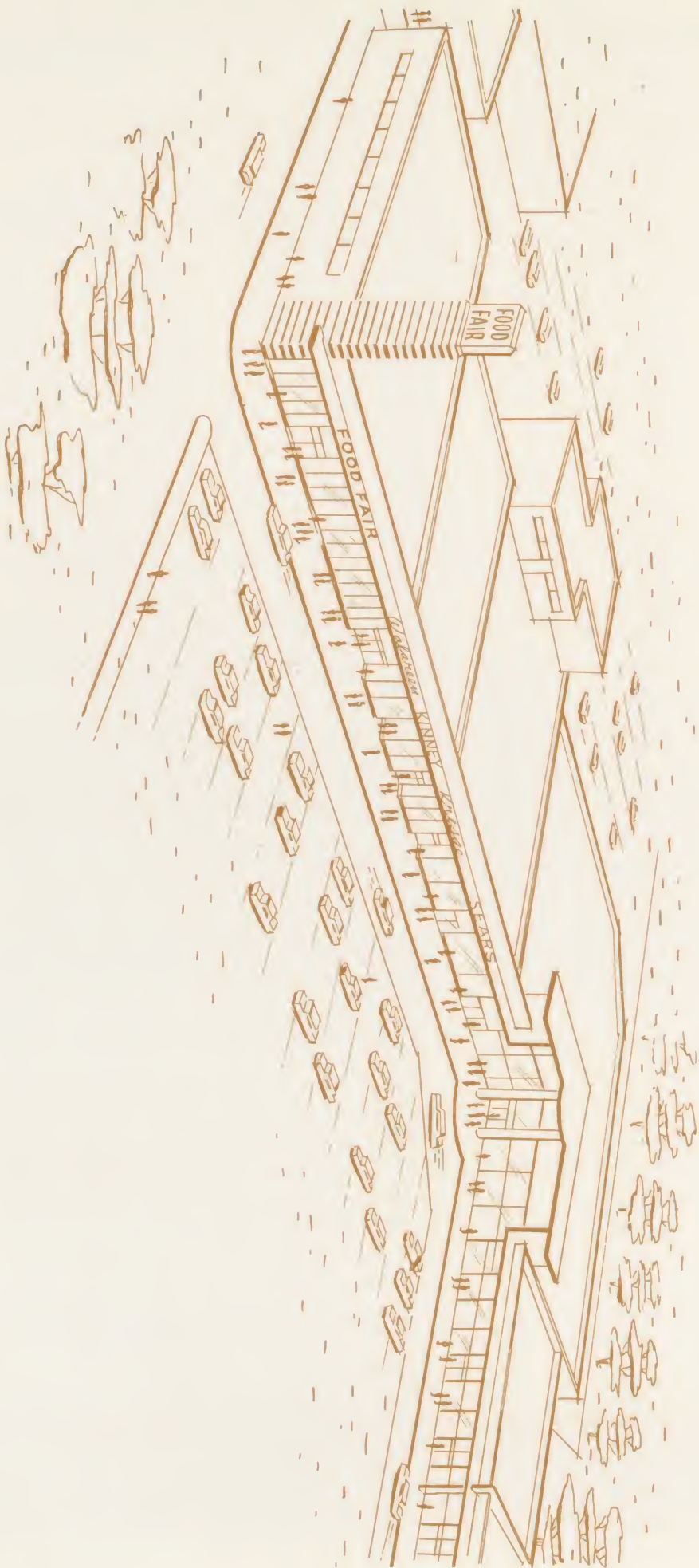
2223 East Allegheny Avenue,
Philadelphia 34, Pennsylvania

General Counsel
Stein, Stein & Engle
26 Journal Square
Jersey City, N. J.

Transfer Agent
Registrar & Transfer Company
50 Church Street, New York, N. Y.
15 Exchange Place, Jersey City, N. J.

Registrar
The Chase Manhattan Bank
11 Broad Street
New York, N. Y.

The \$4.20 preferred stock and the common stock are fully listed on the New York Stock Exchange.



*Artist's rendering of a section
of typical shopping center in which
Food Fair Stores, Inc. is represented.*



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